

PUBLIC DISCLOSURE

January 31, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Bridgewater Bank
Certificate Number: 58210

4450 Excelsior Boulevard
St. Louis Park, Minnesota 55416

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
Kansas City Regional Office

1100 Walnut Street, Suite 2100
Kansas City, Missouri 64106

This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated **Outstanding**.

An institution in this group has an outstanding record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding	X		
High Satisfactory		X	X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			
<i>* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.</i>			

The Lending Test is rated Outstanding.

- Lending levels reflect excellent responsiveness to assessment area credit needs.
- The institution made a substantial majority of loans in its assessment area.
- The geographic distribution of loans reflects good penetration throughout the assessment area.
- The distribution of borrowers reflects good penetration among businesses of different sizes and individuals of different income levels.
- The institution exhibits a good record of serving the credit needs of the most economically disadvantaged areas, low-income individuals and/or very small businesses, consistent with safe and sound banking practices.
- The institution is a leader in making community development loans.
- The institution makes limited use of innovative and/or flexible lending practices in order to serve assessment area credit needs.

The Investment Test is rated High Satisfactory.

- The institution has significant level of qualified community development investments and grants, particularly those that are not routinely provided by private investors, occasionally in a leadership position.
- The institution exhibits good responsiveness to credit and community economic development needs.
- The institution occasionally uses innovative and/or complex investments to support community development initiatives.

The Service Test is rated High Satisfactory.

- Delivery systems are reasonably accessible to essentially all portions of the institution's assessment area.
- To the extent changes have been made, the institution's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals.
- Services, including business hours, do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and low- and moderate-income individuals.
- The institution provides a relatively high level of community development services.

DESCRIPTION OF INSTITUTION

Bridgewater Bank is headquartered in St. Louis Park, Minnesota, and is owned by Bridgewater Bancshares, Inc., a one-bank holding company also located in St. Louis Park. The bank is also affiliated with Bridgewater Investment Management, Inc. in St. Louis Park. In addition to the main office, the bank operates six full-service branches in Minneapolis (2), Bloomington, Greenwood, Orono, and St. Paul, Minnesota. In August of 2020, Bridgewater Bank relocated its main office to a newly constructed corporate office center immediately adjacent to the previous St. Louis Park main office location. As a result, the previous St. Louis Park location was closed. Further, in 2020, the bank moved its sole bank-owned ATM from the Uptown Minneapolis detached facility to the Uptown Minneapolis branch office, located directly across the street. The bank received an "Outstanding" rating at its previous FDIC Performance Evaluation, dated February 10, 2020, based on Interagency Large Institution Examination Procedures.

Bridgewater Bank's primary business focus continues to be commercial and residential real estate lending, including specializing in multi-family housing development loans. Residential real estate-related products include bridge, home equity, lot, and construction loans, as well as home equity lines of credit. The bank also offers some consumer loan products. Bridgewater Bank is a Small Business Administration (SBA) Preferred Lender, offering 504, 7(a), and Express program loans.

The bank offers a variety of deposit and alternative banking services. Deposit products include checking, savings, money market, and certificates of deposit. Alternative banking services include telephone and online banking; digital wallet and electronic bill pay and periodic statements; mobile transfers and deposits; and one deposit-taking ATM. Further, customers have access to a nationwide network of surcharge free ATMs.

According to the December 31, 2022 Consolidated Reports of Condition and Income (Report of Condition), Bridgewater Bank's total assets were \$4.3 billion, total loans were \$3.6 billion, and total deposits were \$3.4 billion. The bank has experienced significant growth since the previous evaluation. Specifically, total assets grew approximately 79.9 percent, loans grew approximately 78.1 percent, and deposits grew approximately 79.6 percent. Although management anticipated overall growth, additional lending growth is a result of the hiring of new lenders with cultivated longstanding client relationships, and an industry awareness of the bank's specialty in originating multi-family loans. In addition, as a Preferred SBA lender, the bank originated numerous SBA Paycheck Protection Program (PPP) loans to non-customers, who have since utilized Bridgewater Bank to meet their additional banking and credit needs. The following table illustrates the bank's loan portfolio.

Loan Portfolio Distribution as of December 31, 2022		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	341,940	9.6
Secured by Farmland	931	0.0
Secured by 1-4 Family Residential Properties	355,475	10.0
Secured by Multi-family (5 or more) Residential Properties	1,274,777	35.8
Secured by Non-farm Non-Residential Properties	1,095,982	30.8
Total Real Estate Loans	3,069,105	86.2
Commercial and Industrial Loans	405,759	11.4
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer	7,731	0.2
Obligations of States and Political Subdivisions in the United States	75,748	2.1
Other Loans	11,103	0.3
Lease Financing Receivables (net of unearned income)	0	0.0
Less: Unearned Income	(9,293)	(0.3)
Total Loans	3,560,153	100.0
<i>Source: Reports of Condition and Income, Due to rounding, totals may not equal 100.0</i>		

Examiners did not identify any financial, legal, or other impediments that affect the bank's ability to meet assessment area credit needs.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires financial institutions to identify one or more assessment areas within which its CRA performance will be evaluated. Bridgewater Bank continues to designate one assessment area

comprised of the following counties in the Minneapolis-St. Paul-Bloomington, Minnesota-Wisconsin Metropolitan Statistical Area (MSA): Anoka, Dakota, Carver, Hennepin, Ramsey, Scott and Wright.

Economic and Demographic Data

According to 2015 American Community Survey (ACS) data, the assessment area includes 54 low-income, 157 moderate-income, 291 middle-income, and 195 upper-income census tracts; in addition to 7 census tracts without an income designation. The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	704	7.7	22.3	41.3	27.7	1.0
Population by Geography	2,952,114	6.5	19.7	41.9	31.6	0.3
Housing Units by Geography	1,206,738	6.0	20.5	43.1	30.1	0.4
Owner-Occupied Units by Geography	785,412	2.4	15.6	45.2	36.9	0.1
Occupied Rental Units by Geography	364,742	13.3	30.5	38.9	16.5	0.9
Vacant Units by Geography	56,584	10.2	24.0	40.9	24.0	0.9
Businesses by Geography	328,772	5.4	17.5	42.0	34.9	0.3
Farms by Geography	6,962	2.2	12.5	47.8	37.5	0.1
Family Distribution by Income Level	730,755	20.4	17.0	21.7	41.0	0.0
Household Distribution by Income Level	1,150,154	23.9	16.1	18.2	41.8	0.0
Median Family Income MSA - 33460 Minneapolis-St. Paul-Bloomington, MN-WI MSA		\$84,589	Median Housing Value			\$232,413
			Median Gross Rent			\$966
			Families Below Poverty Level			7.1%
Source: 2015 ACS and 2021 D&B Data Due to rounding, totals may not equal 100.0% (*) The NA category consists of geographies that have not been assigned an income classification.						

According to 2021 D&B data, the service industry represents the largest portion of business operations at 39.5 percent; followed by non-classifiable establishments at 20.7 percent; and finance, insurance, and real estate at 10.6 percent. Additionally, 63.6 percent of assessment area businesses employ 4 or fewer employees, and 92.5 percent operate from a single location.

Examiners used the Federal Financial Institutions Examination Council (FFIEC) updated median family income levels to analyze home mortgage loans under the Borrower Profile criterion and activities under the Community Development Test. The low-, moderate-, middle-, and upper-income categories for 2021 are presented in the following table.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Minneapolis-St. Paul-Bloomington, MN-WI MSA Median Family Income (33460)				
2021 (\$100,600)	<\$50,300	\$50,300 to <\$80,480	\$80,480 to <\$120,720	≥\$120,720
<i>Source: FFIEC</i>				

Competition

The assessment area is highly competitive for financial services. According to Reports of Condition filed by financial institutions, 149 financial institutions operate 640 offices within the assessment area, of which Bridgewater Bank is ranked 12th with 1.4 percent of the deposit market share. Additionally, there is significant demand and competition for small business loans in the assessment area, as indicated by aggregate CRA data. Specifically, in 2021, 216 lenders reported 81,263 small business loans originated in the assessment area. Bridgewater Bank ranked 13th, with 1.3 percent of the market share by number of loans. Further, there is strong competition and demand for home mortgage loans in the assessment area. According to 2021 aggregate Home Mortgage Disclosure Act (HMDA) data, 686 lenders reported 210,398 home mortgage loans in the assessment area, of which Bridgewater Bank ranked 77th with 0.2 percent of the market share by number of loans.

Community Contacts

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying credit and community development needs. This information helps determine whether local financial institutions are responsive to these needs, and what credit and community development opportunities may be available. Examiners referenced three recently conducted community contact interviews with representatives from economic development and affordable housing organizations active in the assessment area.

One of the contacts noted the assessment area's economy did better than anticipated during the COVID-19 pandemic, and its population continues to grow. Additionally, the introduction of some larger employers resulted on lower unemployment rates with the creation of additional jobs. However, contacts noted that it is difficult to maintain and attract the workforce necessary to fill these positions because of the lack of affordable housing options for purchase and rental in the assessment area. Unfortunately, in many instances the pandemic, rent moratoriums, and rental assistance programs have caused some landlords to leave the rental business or increase rents, often outpricing low- and moderate-income individuals and families. One of the contacts also mentioned that rising interest rates have impacted borrowers looking to purchase a home, making many on the market no longer affordable. In addition to affordable housing, contacts noted the need for continued small business lending in the area.

Credit and Community Development Needs and Opportunities

Examiners reviewed information from the community contacts, bank management, and demographic and economic data to determine assessment area needs and opportunities. Examiners concluded that commercial lending, including to small businesses, and home mortgage lending, including multi-family properties, represent the primary credit needs of the assessment area. In

addition, the assessment area's community development needs are related to affordable housing, economic development, and serving the needs of low- and moderate-income individuals and areas.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated February 10, 2020, to the current evaluation dated January 31, 2023. Examiners used the Interagency Large Institution Examination Procedures and considered affiliated Bridgewater Investment Management, Inc. lending activities to evaluate Bridgewater Bank's CRA performance under the Lending, Investment, and Service tests. The criteria for these tests are outlined in the Appendices. Banks must achieve at least a Low Satisfactory rating under the Lending Test to obtain an overall Satisfactory rating.

Activities Reviewed

Examiners determined that the bank's primary product lines are commercial and home mortgage lending, with the latter comprised of primarily multi-family loans. This conclusion considered Report of Condition data, the number and dollar volume of reported loans during the evaluation period, and the bank's business strategy.

This evaluation considered all small business and small farm loans reported under CRA data collection requirements for 2019, 2020, and 2021. For small business lending, the bank reported 138 loans totaling \$35.9 million in 2019, 1,653 loans totaling \$248.0 million in 2020, and 1,169 loans totaling \$216.4 million in 2021. For small farm lending, the bank reported no loans in 2019, 3 loans totaling \$830,000 in 2020, and 2 loans totaling \$500,000 in 2021. Due to the extremely limited volume of small farm loans, examiners analyzed small farm lending performance, but did not present it in the Performance Evaluation, as meaningful conclusions could not be drawn. In addition, examiners reviewed home mortgage loans reported on the bank's 2019, 2020, and 2021 HMDA Loan Application Registers (LARs). For home mortgage lending, the bank reported 462 originations totaling \$337.7 million in 2019, 446 originations totaling \$597.6 million in 2020, and 494 originations totaling \$803.2 million in 2021. Small business and home mortgage lending received equal weight in forming conclusions, as commercial and home mortgage lending are both primary credit focuses of the institution.

CRA aggregate lending and D&B data for 2019, 2020, and 2021 provided a standard of comparison for small business loans reviewed. Additionally, 2019, 2020, and 2021 HMDA aggregate lending data and 2015 ACS data provided a standard of comparison for the home mortgage loans reviewed. However, examiners placed more weight on the comparisons to the aggregate lending data since it is typically a better indicator of market conditions and loan demand.

In general, examiners did not identify any significant trends between the 2019, 2020, and 2021 CRA and HMDA data that materially affected conclusions. Therefore, only 2021 CRA small business data is presented in this evaluation for the Geographic Distribution criterion. Due to anomalies caused by the significant number of SBA PPP loans originated in 2020 and 2021, examiners presented all three years of CRA small business loan data for the Borrower Profile

criterion. Additionally, only 2021 HMDA data is presented for the Geographic Distribution and Borrower Profile criteria, as 2021 is the most recent year with available aggregate data.

Community development lending, qualified investments, and community development services were considered from the prior evaluation dated February 10, 2020, through the date of the current evaluation. Additionally, qualified investments made prior to the previous examination and still outstanding as of the current evaluation were considered. Examiners compared the bank's level of community development activity to three similarly situated institutions. Furthermore, delivery systems and retail banking services, including those targeting low- and moderate-income individuals, were reviewed.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Bridgewater Bank demonstrated outstanding performance under the Lending Test. The bank's performance under Lending Activity, Assessment Area Concentration, and Community Development Lending primarily support this conclusion.

Lending Activity

Lending levels reflect excellent responsiveness to assessment area credit needs, as evidenced by lending volume and loan-to-deposit ratios. Specifically, Bridgewater Bank continues to actively originate a significant volume of small business and home mortgage loans in the assessment area, ranking highly when compared to aggregate data. Additionally, as an SBA preferred lender, the bank's level of small business lending significantly increased in both 2020 and 2021. Further, Bridgewater Bank's net loan-to-deposit ratio averaged 95.0 percent over the past 12 quarters since the previous evaluation. During the review period, the bank's net loan-to-deposit remained consistently high and ranged from a high of 102.6 percent as of March 31, 2020, to a low of 89.3 percent as of March 31, 2021.

Assessment Area Concentration

As detailed in the table below, Bridgewater Bank makes a substantial majority of its loans inside the assessment area, which demonstrates a strong commitment to meeting the credit needs of the assessment area.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans					Dollar Amount of Loans \$(000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%	#	\$	%	\$	%	\$(000s)
Home Mortgage										
2019	427	92.4	35	7.6	462	281,534	83.4	56,169	16.6	337,703
2020	405	90.8	41	9.2	446	509,334	85.2	88,256	14.8	597,590
2021	441	89.3	53	10.7	494	716,278	89.2	86,944	10.8	803,222
Subtotal	1,273	90.8	129	9.2	1,402	1,507,146	86.7	231,369	13.3	1,738,515
Small Business										
2019	129	93.5	9	6.5	138	33,891	94.2	2,088	5.8	35,979
2020	1,572	95.1	81	4.9	1,653	232,721	93.8	15,308	6.2	248,029
2021	1,083	92.6	86	7.4	1,169	198,842	91.9	17,534	8.1	216,376
Subtotal	2,784	94.1	176	5.9	2,960	465,454	93.0	34,930	7.0	500,384
Source: Bank Data Due to rounding, totals may not equal 100.0%										

Geographic Distribution

The geographic distribution of loans reflects good penetration throughout the institution's assessment area. Adequate performance regarding small business lending was enhanced by excellent home mortgage lending performance to support this conclusion. Emphasis under geographic distribution is placed on the bank's record of lending in low- and moderate-income census tracts.

Small Business Loans

The geographic distribution of small business lending reflects adequate penetration throughout the assessment area. As shown in the following table, the bank's lending performance in both low- and moderate-income geographies slightly lags the comparable aggregate data, but is still reasonable.

Geographic Distribution of Small Business Loans						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low	5.4	5.3	51	4.7	5,994	3.0
Moderate	17.5	16.9	122	11.3	25,983	13.1
Middle	42.0	41.9	435	40.2	87,978	44.2
Upper	34.9	35.8	474	43.8	78,761	39.6
Not Available	0.3	0.2	1	0.1	126	0.1
Totals	100.0	100.0	1,083	100.0	198,842	100.0
Source: 2021 D&B Data; Bank Data; 2021 CRA Aggregate Data. Due to rounding, totals may not equal 100.0%						

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent penetration throughout the assessment area. As shown in the following table, the bank's performance of extending home mortgage loans in the assessment area's low- and moderate-income geographies significantly exceeds the comparable aggregate data.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low	2.4	2.6	38	8.6	86,123	12.0
Moderate	15.6	14.2	110	24.9	165,581	23.1
Middle	45.2	43.9	167	37.9	229,531	32.0
Upper	36.9	39.2	121	27.4	184,550	25.8
Not Available	0.1	0.1	5	1.1	50,493	7.0
Totals	100.0	100.0	441	100.0	716,278	100.0
<i>Source: 2015 ACS; Bank Data, 2021 HMDA Aggregate Data Due to rounding, totals may not equal 100.0%</i>						

Borrower Profile

The distribution of borrowers reflects good penetration among businesses of different sizes and individuals of different income levels in the assessment area. The bank's good small business and adequate home mortgage lending performance supports this conclusion. Emphasis under borrower profile is placed on the bank's record of lending to businesses with gross annual revenues of \$1 million or less and to low- and moderate-income individuals within the assessment area.

Small Business Loans

The distribution of borrowers reflects good penetration among businesses with gross annual revenues of \$1 million or less. As illustrated in the table below, the bank's record of lending to small businesses is comparable to the aggregate data but significantly lower than the D&B demographic data. However, 34.9 percent of 2020 small business loans and 13.9 percent of 2021 small business loans did not have revenue information available, because the bank was not required to collect revenue information on SBA PPP originations. Examiners determined that of the 548 loans originated in 2020, with no revenue information, 76.8 percent by number were to borrowers with loan sizes of \$100,000 or less. And of the 150 loans originated in 2021, with no revenue information available, 79.3 percent by number were to borrowers with loan sizes of \$100,000 or less, demonstrating the bank's willingness to make smaller dollar loans. Finally, Bridgewater Bank is recognized as a SBA Preferred Lender. This information demonstrates the bank's willingness to serve the needs of smaller businesses.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2019	86.2	53.4	73	56.6	17,502	51.6
2020	87.8	45.4	599	38.1	73,355	31.5
2021	88.1	50.4	600	55.4	86,074	43.3
>\$1,000,000						
2019	5.7	--	56	43.4	16,389	48.4
2020	4.9	--	425	27.0	108,036	46.4
2021	4.4	--	333	30.7	102,012	51.3
Revenue Not Available						
2019	8.0	--	0	0.0	0	0.0
2020	7.3	--	548	34.9	51,330	22.1
2021	7.5	--	150	13.9	10,756	5.4
Totals						
2019	100.0	100.0	129	100.0	33,891	100.0
2020	100.0	100.0	1,572	100.0	232,721	100.0
2021	100.0	100.0	1,083	100.0	198,842	100.0
Source: 2019, 2020 & 2021 D&B Data; Bank Data; 2019, 2020 & 2021 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%						

Home Mortgage Loans

The distribution of borrowers reflects adequate penetration to individuals of different income levels, including low-and moderate-income borrowers. As illustrated in the table below, the distribution of home mortgage loans to low- and moderate-income borrowers lags both demographic and aggregate lending data. However, the majority of home mortgage loans (88.7 percent) by number are to commercial entities for funding of multi-family housing, and not to individual borrowers; therefore, having incomes of “Not Available.” Based on this information, the overall distribution of lending to borrowers of various income levels is adequate.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	20.4	8.7	8	1.8	1,723	0.2
Moderate	17.0	20.8	3	0.7	581	0.1
Middle	21.7	21.3	5	1.1	1,314	0.2
Upper	41.0	32.5	34	7.7	13,471	1.9
Not Available	0.0	16.7	391	88.7	699,189	97.6
Totals	100.0	100.0	441	100.0	716,278	100.0
Source: 2015 ACS; Bank Data, 2021 HMDA Aggregate Data Due to rounding, totals may not equal 100.0%						

Innovative or Flexible Lending Practices

Bridgewater Bank's use of innovative and flexible lending practices, although limited, shows a good responsiveness to identified credit needs in the assessment area. Specifically, the bank provided lending to help support small businesses and to increase the availability of affordable housing for low-and moderate-income individuals.

Various Affordable Housing Initiatives

Bridgewater Bank actively supports lending for affordable housing projects throughout the assessment area through various flexible lending methods. This included providing funding for numerous projects that qualify for Low-Income Housing Tax Credits (LIHTCs). The bank also provided support to a local homebuilder who, in collaboration with a housing and redevelopment authority, constructed affordable housing in the assessment area for military veterans and their families who met specified income limitations.

Forward Commitment Loan Program

This innovative program provides commercial borrowers with a commitment of permanent financing, upon the completion of construction of an affordable multi-family housing property. Loans originated through this program involve projects that qualify for LIHTCs. Under this program, borrowers are able to lock the rate and terms for the permanent financing phase, two years prior to permanent financing, as long as specified conditions are met. During the evaluation period, the bank originated 11 forward commitment loans, totaling approximately \$72.0 million, for housing projects primarily in the assessment area.

SBA Loans

Bridgewater Bank continues to originate loans under several flexible SBA loan programs and is recognized as a SBA Preferred Lender. Government guaranteed SBA loans provide flexibility to eligible borrowers and support small businesses. During this evaluation period, the bank originated 1,843 SBA loans, totaling approximately \$272.2 million; including 1,827 SBA PPP loans, totaling \$259.9 million. The SBA's PPP involved flexible underwriting due to unique financial strains on businesses and their employees as a result of the COVID-19 pandemic.

Community Development Loans

Bridgewater Bank is a leader in making community development loans. The institution originated 87 community development loans totaling approximately \$486.0 million during the evaluation period. This includes 17 SBA PPP loans, totaling \$34.8 million that qualified as community development loans. Additionally, a significant portion of the bank's community development loan activity was related to financing affordable multi-family housing projects throughout the assessment area, which community contacts identified as an assessment area need.

The bank's community development loans represents 11.2 percent of total assets and 13.8 percent of net loans. These ratios decreased since the previous evaluation, when community development loans represented 21.9 percent of total assets and 26.4 percent of net loans. However, Bridgewater Bank's community development loans to total assets ratio exceeds that of the similarly situated institutions, which ranged from 2.9 to 7.9 percent of total assets. Additionally, the bank's community development loans to net loans ratio significantly exceeds two of the similarly situated institutions' ratios, which ranged from 4.7 to 5.9 percent, and is comparable to the third institution's ratio at 15.8 percent.

Bridgewater Bank demonstrated a responsiveness to the community development needs of its assessment area; therefore, the institution also received credit for 15 qualified loans totaling \$53.9 million that were made in a broader statewide or regional area. The following tables illustrate the bank's community development loans by area benefited, purpose, and year.

Community Development Lending										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Assessment Area	52	386,321	0	0	3	8,108	17	37,686	72	432,115
Broader Statewide or Regional Area	11	48,403	0	0	0	0	4	5,514	15	53,917
Total	63	434,724	0	0	3	8,108	21	43,200	87	486,032
<i>Source: Bank Data</i>										

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2020	16	82,347	0	0	0	0	17	38,372	33	120,719
2021	19	210,339	0	0	3	8,108	4	4,828	26	223,275
2022	28	142,038	0	0	0	0	0	0	28	142,038
Total	63	434,724	0	0	3	8,108	21	43,200	87	486,032
<i>Source: Bank Data</i>										

INVESTMENT TEST

Bridgewater Bank demonstrated high satisfactory performance under the Investment Test. The significant level of community development investments and donations received the most consideration when determining the overall Investment Test performance rating.

Investment and Grant Activity

Bridgewater Bank's level of qualified community development investments and grants is significant and includes many that are not routinely provided by private investors. Bridgewater Bank made or retained 125 qualified investments totaling approximately \$24.6 million during the evaluation period. This is an increase, by dollar volume, from the previous evaluation when the bank made or retained 147 investments totaling \$19.9 million. The volume of qualified investments represented 0.6 percent of total assets and 4.2 percent of total securities, as of December 31, 2022. These ratios have slightly decreased since the previous evaluation when qualified investments represented 0.9 percent of total assets and 7.0 percent of total securities. However, Bridgewater Bank's performance is comparable to the performance of the similarly situated institutions, which represented 0.7 to 0.9 percent of total assets and 2.6 to 4.2 percent of total securities.

Of the 125 qualified investments, 20 totaling \$13.1 million were made during prior evaluation periods, but remained outstanding as of the current evaluation period; 13 totaling \$10.9 million are newly purchased investments, and 92 are donations totaling \$600,000. Bridgewater Bank demonstrated a responsiveness to the community development needs of its assessment area; therefore, the institution also received credit for 17 investments totaling approximately \$7.4 million that benefited the broader statewide or regional area. The following tables illustrate the bank's qualified investments by area benefited, purpose, and year.

Community Development Qualified Investments										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Assessment Area	28	8,952	67	1,683	9	5,111	4	1,503	108	17,249
Broader Statewide or Regional Area	8	1,209	4	2,295	3	2,400	2	1,465	17	7,369
Total	36	10,161	71	3,978	12	7,511	6	2,968	125	24,618
<i>Source: Bank Data</i>										

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	9	7,036	0	0	5	3,076	6	2,968	20	13,080
2020	0	0	1	395	1	1,000	0	0	2	1,395
2021	1	825	3	1,310	1	3,000	0	0	5	5,135
2022	2	2,123	3	1,885	1	400	0	0	6	4,408
Subtotal	12	9,984	7	3,590	8	7,476	6	2,968	33	24,018
Qualified Grants & Donations	24	177	64	388	4	35	0	0	92	600
Total	36	10,161	71	3,978	12	7,511	6	2,968	125	24,618
<i>Source: Bank Data</i>										

Responsiveness to Credit and Community Development Needs

Bridgewater Bank exhibits good responsiveness to credit and community development needs. The bank's qualified investment activity addressed identified community development needs, including the continued commitment to supporting affordable housing initiatives throughout the assessment area. Additionally, qualified investments and donations made since the previous evaluation benefitted organizations that provide community services targeted to low- and moderate-income individuals and promote economic development.

Community Development Initiatives

The bank occasionally uses innovative and/or complex investments for community development initiatives. The investments made during the evaluation period include some that are not routinely provided by private investors, including the continued support of small business investment companies, and the investment in a women-owned financial institution.

SERVICE TEST

Bridgewater Bank demonstrated high satisfactory performance under the Service Test. The relatively high level of community development services received the most consideration when determining the overall Service Test performance rating.

Accessibility of Delivery Systems

Bridgewater Bank's delivery systems are reasonably accessible to essentially all portions of the institution's assessment area. The bank operates seven full-service offices and one deposit-taking ATM throughout its assessment area. This includes one office in a moderate-income census tract. Further, the bank's continued agreement with the Money Pass surcharge-free ATM network increases accessibility, as MoneyPass ATMs can be found nationwide, including throughout some low- and moderate-income geographies within the assessment area. The bank's various alternate banking services, as described previously, also assist in making financial services more accessible throughout the assessment area.

Overall, Bridgewater Bank’s facilities provide reasonable access to banking services for individuals throughout the assessment area, including individuals in low- and moderate-income geographies. The following table outlines the distribution of offices and the bank-owned ATM throughout the assessment area in comparison to the census tracts and population based on tract income level.

Branch and ATM Distribution by Geography Income Level								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	54	7.7	191,151	6.5	0	0.0	0	0.0
Moderate	157	22.3	582,083	19.7	1	14.3	0	0.0
Middle	291	41.3	1,235,870	41.9	2	28.6	0	0.0
Upper	195	27.7	932,795	31.6	4	57.1	1	100.0
NA	7	1.0	10,215	0.3	0	0.0	0	0.0
Total	704	100.0	2,952,114	100.0	7	100.0	1	100.0
<i>Source: 2015 ACS Data; Bank Data</i>								

Changes in Branch Locations

The bank’s record of closing and opening of branches has not adversely affected the accessibility of its delivery systems, particularly for low- and moderate-income geographies and low- and moderate- income individuals. As discussed previously, branching changes since the previous evaluation have been minimal. The bank relocated its main office to a newly constructed corporate office center immediately adjacent to the previous location. Both locations are in an upper-income census tract. Further, the bank moved its ATM at the Uptown Minneapolis detached facility, which is in a middle-income census tract, directly across the street to the Uptown Minneapolis branch office, which is in an upper-income census tract. These changes did not adversely affect the accessibility of the bank’s delivery systems due to the close proximities of the new locations.

Reasonableness of Business Hours and Services

Branch hours provide easy access to personalized services, while electronic and telephone banking provide convenient 24-hour access to account information. Although Bridgewater Bank does not have office hours on Saturdays, lobby hours are generally comparable to other financial institutions operating in the assessment area. Overall, services do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and residents.

Bridgewater Bank continues to participate in the Interest on Lawyer’s Trust Account (IOLTA) and Interest on Real Estate Trust Accounts (IORETA) programs, which permits lawyers and real estate brokers to deposit funds into interest-bearing trust accounts. The interest generated from IOLTAs is donated to the Minnesota Lawyer Trust Account Board to provide legal assistance to low- and moderate-income individuals. The interest generated from IORETAs is donated to the Minnesota Housing Trust Fund to provide housing assistance to low- and moderate-income individuals. As of the examination date, Bridgewater Bank had a total of 142 IOLTAs and IORETAs benefitting the State of Minnesota.

Community Development Services

Bridgewater Bank provides a relatively high level of community development services. While most of the community development services are not particularly innovative, these services demonstrate the bank's responsiveness to community development needs considering its resources, business strategy, area competition, and available opportunities. The bank continues to designate a significant portion of community development resources to providing financial literacy courses at schools where the majority of students qualify to receive free- or reduced-lunch. Further, several employees serve on the Board of Directors and various committees for affordable housing organizations throughout the assessment area; these organizations assist in meeting an identified community development need.

Since the previous evaluation, bank employees provided 145 instances of financial expertise or technical assistance to community development organizations in the assessment area. The number of community development services has slightly decreased since the prior evaluation, which reported 172 community development services. However, Bridgewater Bank's level of community development services performance is comparable to that of the similarly situated institutions with services ranging from 22 to 150 qualified activities.

The following tables illustrate the bank's qualified services by area benefited, purpose, and year. The tables also include 22 services that benefited the broader statewide or regional area. The bank received credit for these services, as it has been responsive to the assessment area's community development investment needs.

Community Development Services by Assessment Area					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Assessment Area	9	114	0	0	123
Broader Statewide or Regional Area	0	22	0	0	22
Total	9	136	0	0	145
<i>Source: Bank Data</i>					

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2020	3	30	0	0	33
2021	3	67	0	0	70
2022	3	42	0	0	42
Total	9	136	0	0	145
<i>Source: Bank Data</i>					

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The bank's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

APPENDICES

LARGE BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) through its lending activities by considering a bank's home mortgage, small business, small farm, and community development lending. If consumer lending constitutes a substantial majority of a bank's business, the FDIC will evaluate the bank's consumer lending in one or more of the following categories: motor vehicle, credit card, other secured, and other unsecured. The bank's lending performance is evaluated pursuant to the following criteria:

- 1) The number and amount of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, in the bank's assessment area;
- 2) The geographic distribution of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on the loan location, including:
 - i. The proportion of the bank's lending in the bank's assessment area(s);
 - ii. The dispersion of lending in the bank's assessment areas(s); and
 - iii. The number and amount of loans in low-, moderate-, middle- and upper-income geographies in the bank's assessment area(s);
- 3) The distribution, particularly in the bank's assessment area(s), of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on borrower characteristics, including the number and amount of:
 - i. Home mortgage loans low-, moderate-, middle- and upper-income individuals
 - ii. Small business and small farm loans to businesses and farms with gross annual revenues of \$1 million or less;
 - iii. Small business and small farm loans by loan amount at origination; and
 - iv. Consumer loans, if applicable, to low-, moderate-, middle- and upper-income individuals;
- 4) The bank's community development lending, including the number and amount of community development loans, and their complexity and innovativeness; and
- 5) The bank's use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- and moderate-income individuals or geographies.

Investment Test

The Investment Test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through qualified investments that benefit its assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s). Activities considered under the Lending or Service Test may not be considered under the investment test. The bank's investment performance is evaluated pursuant to the following criteria:

- 1) The dollar amount of qualified investments;
- 2) The innovativeness or complexity of qualified investments;
- 3) The responsiveness of qualified investments to available opportunities; and
- 4) The degree to which qualified investments are not routinely provided by private investors.

Service Test

The Service Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of the bank's systems for delivering retail banking services and the extent and innovativeness of its community development services.

The bank's retail banking services are evaluated pursuant to the following criteria:

- 1) The current distribution of the bank's branches among low-, moderate-, middle-, and upper-income geographies;
- 2) In the context of its current distribution of the bank's branches, the bank's record of opening and closing branches, particularly branches located in low- or moderate-income geographies or primarily serving low- or moderate-income individuals;
- 3) The availability and effectiveness of alternative systems for delivering retail banking services (*e.g.*, RSFs, RSFs not owned or operated by or exclusively for the bank, banking by telephone or computer, loan production offices, and bank-at-work or bank-by-mail programs) in low- and moderate-income geographies and to low- and moderate-income individuals; and
- 4) The range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

The bank's community development services are evaluated pursuant to the following criteria:

- 1) The extent to which the bank provides community development services; and
- 2) The innovativeness and responsiveness of community development services.

GLOSSARY

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose bank:
 - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

Community Development Service: A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the bank's retail banking services under § 345.24(d).

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (e.g., geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Micropolitan Statistical Area: CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area (also known as **non-MSA**): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

Small Business Loan: A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area’s population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

Upper-Income: Individual income that is 120 percent or more of the area median income, or a median family income that is 120 percent or more in the case of a geography.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

“Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.